

AMENDED IN SENATE MAY 31, 2005

AMENDED IN SENATE MAY 4, 2005

AMENDED IN SENATE APRIL 18, 2005

SENATE BILL

No. 577

**Introduced by Senator Figueroa
(Principal coauthors: Senators Ducheny and Murray)**

February 18, 2005

An act to add Chapter 8.7 (commencing with Section 11830) to Part 1 of Division 3 of Title 2 of the Government Code, relating to state government operations.

LEGISLATIVE COUNSEL'S DIGEST

SB 577, as amended, Figueroa. State government operations: accountability.

Existing law generally sets forth the duties and responsibilities of the head of any state agency, department, board, commission, bureau, or program.

The bill would also, among other things, require all of the following to ensure government's fiscal responsibility:

(1) All state agencies, *as defined*, to participate in the CAL-Card Program for purchases up to \$5,000.

(2) ~~The Franchise Tax Board and the~~ Department of Finance, *in consultation with the Franchise Tax Board and the State Board of Equalization*, to report, by January 1, 2008, to the Legislature on the effectiveness of ~~"tax expenditures."~~ *expenditures," as defined.*

(3) The Controller to annually report to the Legislature the names of the agencies, departments, or programs required to submit internal control certification letters and year-end financial reports, but did not submit them by the deadline.

(4) The Department of Finance to issue, coincident with the release of the Governor's Budget *and the May revision to the Governor's Budget*, a long-range financial plan for the state.

~~(5) The Department of General Services and the State Chief Information Officer (CIO) to identify by February 1, 2006, all development projects seeking to enhance or expand existing financial software applications, as specified.~~

~~(6)~~

(5) The Department of Finance and the Controller to ~~create~~ *identify* existing overall financial management standards for state government *and, by July 31, 2006, to submit a specified report to the Legislature.*

~~(7) The Department of Motor Vehicles to develop and administer an amnesty program for persons that are subject to the vehicle license fee and complete, by July 1, 2006, a definitive inventory of state-owned vehicles to be updated annually.~~

~~(8)~~

(6) The Governor to report by February 1, 2006, to the Legislature on the progress of consolidating federal grant-making functions ~~and propose a plan, by July 1, 2006, to consolidate fleet management in the Office of Fleet Administration.~~

~~(9)~~

(7) The Department of General Services by July 1, 2006, to submit a plan to the Legislature describing how it will ensure that ~~the state~~ *pays agencies pay* the lowest airfare.

~~(10)~~

(8) All state agencies ~~to certify prior to contracting out any state service that the service cannot be comparably performed at the same or less cost by current state employees or programs that contract for services to annually submit a specified report to the Legislature relating to those contracts.~~

~~(11)~~

(9) The Governor, by July 1, 2006, to create and implement a pilot volunteer leave program for state employees.

~~(12) Every future state building to be built in accordance with the Leadership in Energy and Environmental Design Silver Rating standards.~~

(10) *The State Auditor to audit the state's telecommunications contracts to identify overpayment for those services and to make recommendations to eliminate overpayment for telecommunications services.*

(11) *The Department of Technology Services to implement the State Auditor's recommendations regarding the state's telecommunications services contracts and to report to the Legislature by July 1, 2007, on the cost savings associated with implementing those recommendations.*

(13)

(12) *The state to consider whether all construction projects beginning after January 1, 2006, and funded with state money should use an owner controlled insurance program to reduce costs without risking performance or completion.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 8.7 (commencing with Section 11830)
2 is added to Part 1 of Division 3 of Title 2 of the Government
3 Code, to read:

4

5 CHAPTER 8.7. ENSURING GOVERNMENT FISCAL
6 RESPONSIBILITY

7

8 11830. (a) All state agencies shall participate in the
9 CAL-Card Program for purchases up to five thousand dollars
10 (\$5,000).

11 ~~(b) The Franchise Tax Board and the Department of Finance~~
12 *(1) The Department of Finance, in consultation with the*
13 *Franchise Tax Board and the State Board of Equalization shall*
14 *report, by January 1, 2008, to the Legislature on the effectiveness*
15 *of "tax expenditures." tax expenditures.*

16 *(2) For purposes of this subdivision, "tax expenditures"*
17 *means any special provision in the tax law that results in the*
18 *collection of fewer tax revenues than would be collected under*
19 *the basic tax structure.*

20 *(3) The report shall address, but not be limited to, all of the*
21 *following issues:*

22 *(A) The public policy purpose of the tax expenditure, whether*
23 *that purpose is achieved, and, if so, whether it is achieved as a*
24 *result of the tax expenditure.*

1 (B) *The effect of the tax expenditure on state and local*
2 *revenues.*

3 (c) (1) The Department of Finance shall annually report to the
4 Legislature the names of the agencies, departments, or programs
5 required to submit internal control certification letters to the
6 department but did not.

7 (2) The Controller's office shall annually report to the
8 Legislature the names of the agencies, departments, or programs
9 required to submit year-end financial reports, but that did not
10 submit them by the respective deadline.

11 (d) Beginning January 1, 2007, the Department of Finance
12 shall, coincident with the release of the Governor's Budget *and*
13 *the May revision to the Governor's Budget*, issue a long-range
14 financial plan for the state. The plan shall include, but not be
15 limited to, revenue and expenditure projections for the next four
16 years.

17 ~~(e) The Department of General Services and the State Chief~~
18 ~~Information Officer shall, by February 1, 2006, identify all~~
19 ~~development projects seeking to enhance or expand existing~~
20 ~~financial software applications and, to the extent practicable,~~
21 ~~coordinate with the agencies or departments seeking to acquire~~
22 ~~these applications to ensure that they will permit managers and~~
23 ~~department and agency heads to integrate and routinely exchange~~
24 ~~compatible financial data with other managers and agency and~~
25 ~~department heads, and that will be generally applicable~~
26 ~~throughout the organization of state and local government.~~

27 ~~(f)~~
28 (e) The Department of Finance and the Controller shall ~~create~~
29 *identify existing* overall financial management standards for state
30 government *and report to the Legislature, on or before July 31,*
31 *2006, about deficiencies in, failure to follow, and*
32 *recommendations for, improving the standards.*

33 11831. (a) ~~The Department of Motor Vehicles shall develop~~
34 ~~and administer an amnesty program for persons subject to the~~
35 ~~vehicle license fees imposed pursuant to Chapter 2 (commencing~~
36 ~~with Section 10751) of Part 5 of Division 2 of the Revenue and~~
37 ~~Taxation Code for a four-month period beginning February 1,~~
38 ~~2006, to May 31, 2006, inclusive, or during a timeframe ending~~
39 ~~no later than June 30, 2006. The program shall apply to vehicle~~
40 ~~license fee liabilities due and payable before January 1, 2006. All~~

1 *state agencies shall use the State Contract and Procurement*
 2 *Registration System and the Governor shall, by February 1,*
 3 *2006, certify to the Legislature that all managers who might use*
 4 *it have been notified of the legal requirement to do so.*

5 ~~(b) All state agencies shall use the State Contract and~~
 6 ~~Procurement Registration System and the Governor shall, by~~
 7 ~~February 1, 2006, certify to the Legislature that all managers that~~
 8 ~~might use it have been notified of the legal requirement to do so.~~

9 (e)

10 (b) The Governor shall, by February 1, 2006, report to the
 11 Legislature on the progress of consolidation or coordination of
 12 federal grant-making functions by a memorandum of
 13 understanding or other means and shall report every month until
 14 the Governor certifies that no further consolidation or
 15 coordination will achieve savings or ~~improve the state's chances~~
 16 ~~in receiving additional federal revenue~~ *increase the federal funds*
 17 *returning to California.*

18 ~~(d) All state agencies and departments shall use~~

19 (c) All state agencies shall utilize the California Automated
 20 Travel Expense Reimbursement System (CalATERS) by July 1,
 21 2006, and by February 1, 2007, the Department of Finance shall
 22 establish a system whereby support costs incurred by CalATERS
 23 will be reimbursed based on the per reimbursement use by
 24 agencies and departments. ~~(CalATERS) or other more efficient~~
 25 ~~and less costly system by January 1, 2008.~~

26 ~~(e) The Department of General Services shall, by July 1, 2006,~~

27 (d) The Department of General Services shall, by January 1,
 28 2008, submit a plan to the Legislature describing how it will
 29 ensure that ~~it pays all state agencies pay~~ the lowest airfare,
 30 including, but not limited to, ensuring that ~~its state~~ fares do not
 31 exceed those available on the Internet, and utilizing special plans
 32 for business travelers.

33 11832. (a) ~~(1) The Department of General Services, in~~
 34 ~~consultation with all state agencies owning vehicles, shall~~
 35 ~~complete a definitive inventory of state-owned vehicles by July~~
 36 ~~1, 2006, and that inventory shall be updated annually thereafter.~~
 37 *State agencies that enter into contracts for services shall*
 38 *annually report to the Legislature on or before March 31, on the*
 39 *status of all of that agency's contracts for services entered into*

1 *during the 12 months preceding the date of the report. Each*
2 *report shall address, but not be limited to, the following issues:*

3 ~~(2) The Governor shall propose a plan to consolidate fleet~~
4 ~~management in the Office of Fleet Administration (OFA) by July~~
5 ~~1, 2006, and shall identify and propose sanctions for his or her~~
6 ~~appointees who oversee government agencies that fail to submit~~
7 ~~the required fleet reports to OFA.~~

8 ~~(b) All state agencies shall certify prior to contracting out any~~
9 ~~state service that the service cannot be comparably performed at~~
10 ~~the same or less cost by current state employees or programs.~~

11 ~~(1) All efforts made by the agency to determine that the~~
12 ~~services cannot be comparably performed by existing state~~
13 ~~employees.~~

14 ~~(2) All efforts made by the agency to comply with the~~
15 ~~requirements contained in Article 4 (commencing with Section~~
16 ~~19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the~~
17 ~~Government Code and Sections 10295 to 10412, inclusive, of the~~
18 ~~Public Contract Code.~~

19 ~~(e) The Governor's Office on Service and Volunteerism~~

20 ~~(b) The Governor's Office on Service and Volunteerism, in~~
21 ~~consultation with the Department of Finance and the State~~
22 ~~Controller, shall identify all funds donated directly to the state or~~
23 ~~to any state-affiliated auxiliary foundation and shall, by _____,~~
24 ~~propose to the Legislature amendments to Section 11005 that~~
25 ~~would make donating to the state government easier and more~~
26 ~~efficient.~~

27 ~~(d)~~

28 ~~(c) By July 1, 2006, the Governor shall create and implement~~
29 ~~a pilot volunteer leave program for state employees. The~~
30 ~~Governor shall designate the agencies and departments selected~~
31 ~~for the pilot program. By March 1, 2008, the Governor shall~~
32 ~~report to the Senate Committee on Budget and Fiscal Review and~~
33 ~~the Assembly Committee on Budget whether the state enjoyed~~
34 ~~any savings as a result of the pilot project, whether it should be~~
35 ~~expanded, and, if so, suggested legislative amendments and~~
36 ~~language for such an expansion.~~

37 ~~(e) By July 1, 2006, the Department of General Services shall~~
38 ~~hire a recovery firm to audit the state's telecommunications~~
39 ~~contracts, permitting a contingency fee contract of no more than~~
40 ~~15 percent.~~

1 (d) (1) On or before July 1, 2006, the State Auditor shall audit
2 the state's telecommunications contracts. The audit shall identify
3 telecommunication services and contracts where, through
4 multiple billings, the state was billed for more than the value of
5 the services provided, the state paid too much for the services
6 provided, or both. The State Auditor may make recommendations
7 for state agencies to eliminate overpaying for
8 telecommunications services. The Department of Technology
9 Services shall reimburse the State Auditor for all costs associated
10 with the audit required by this subdivision.

11 (2) On or before December 31, 2006, the Department of
12 Technology Services shall implement the recommendations of the
13 State Auditor and, on or before July 1, 2007, shall report to the
14 Governor and the Legislature about the implementation of the
15 State Auditor's recommendations and whether the
16 recommendations, as implemented, have resulted in cost savings.

17 ~~(f) (1)–~~

18 (e) The Governor shall report to the Legislature by March 1,
19 2006, on the status of compliance with Sections 15814.30 to
20 15814.35, inclusive, requiring “life-cycle” costing of state
21 construction projects.

22 ~~(2) Every future state building shall be built in accordance~~
23 ~~with the Leadership in Energy and Environmental Design Silver~~
24 ~~Rating standards.~~

25 ~~(g) The state shall consider whether all construction projects~~

26 (f) For all construction projects beginning after January 1,
27 2006, that are funded with state money ~~should use~~ the state shall
28 consider whether an owner controlled insurance program ~~to~~ may
29 reduce costs without risking performance or completion.

30 11833. For purposes of this chapter, “state agency” has the
31 same meaning as that contained in Section 11000.